



# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Executive Committee
<b>DATE OF MEETING</b>	6 February 2019
<b>OFFICER</b>	Lynne Swift, Director, People and Organisational Development
<b>LEAD MEMBER</b>	Councillor Steven Lambert
<b>SUBJECT OF THE REPORT</b>	<b>A Review of the Methodology used to carry out the Senior Management Team Annual Pay Review.</b>
<b>EXECUTIVE SUMMARY</b>	<p>The Authority requested that a review be undertaken of the current methodology used to carry out the Senior Management Team (SMT) annual pay review to make sure it was fit for purpose. This was agreed at the Executive Committee of 7 February 2018.</p> <p>The review has looked at legislative requirements and government expectations, together with national reviews already undertaken to provide context for the findings and recommendations presented. This includes benchmarking across other fire services, both in the South East and of a similar size nationally.</p> <p>Account has been taken of successful developments undertaken by Buckinghamshire and Milton Keynes Fire Authority (BMKFA), including changes to structures, succession planning, and embedding significant new initiatives to derive greater flexibility from current resources - whilst at the same time maintaining motivation and driving excellence in performance.</p> <p>Comments on the findings have been provided from an external perspective. A recommendation is made for the consideration of the Executive Committee. This recommendation seeks to build on the successes already in place, with a look towards the ever-changing and ever-challenging external environment in which the Service operates.</p>
<b>ACTION</b>	Decision
<b>RECOMMENDATIONS</b>	It is recommended that undertaking a review of the SMT structure and function, to include the third tier, taking account of opportunities for potential collaboration and potential efficiencies to be gained as well as broadening roles be considered.
<b>RISK MANAGEMENT</b>	There will be risks and opportunities when changing

	<p>structure and reward systems, but these will be defined and considered at that time, depending on proposals taken forward.</p> <p>Members made the decision to review the Senior Management Team Pay Review methodology at the Executive Committee meeting on 7 February 2018. It had not been reviewed for several years, and the decision was made to ensure consistency, fairness, and whether it was fit for purpose.</p> <p>It is a statutory requirement that the pay policy is reviewed on a yearly basis.</p>
<b>FINANCIAL IMPLICATIONS</b>	<p>Any review of SMT structure and function, including third tier, will have financial implications. This would need to be determined in advance of conducting such a piece of work, as part of establishing the cost-benefits of undertaking this.</p>
<b>LEGAL IMPLICATIONS</b>	<p>The terms of reference of the Executive Committee include the role of the employer in connection with employees of the Authority contracted in whole or in part to the "Gold Book". The recommendations are consistent with the Authority's extant statutory pay policy statement.</p>
<b>CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE</b>	<p>The Policing and Crime Act 2017 requires the Authority to keep opportunities for collaboration with the police and ambulance services under review.</p> <p>At this time there are separate pay policies in place across the Thames Valley region. All Authorities are required to have pay policy principles and statement. At this time, our Thames Valley partners have separate statements. However, an aligned approach may be appropriate in the future, particularly to support collaborative working, sharing of resources, and working across boundaries.</p>
<b>HEALTH AND SAFETY</b>	<p>There are no Health and Safety implications.</p>
<b>EQUALITY AND DIVERSITY</b>	<p>Any design of adapted or new approaches to senior management structure, pay and remuneration will follow the Authority's policies and procedures.</p> <p>An impact assessment has been carried out as part of this report.</p> <p>Impact assessments will be conducted at appropriate stages of any programmes that change current arrangements.</p>
<b>USE OF RESOURCES</b>	<p><b>The arrangements for setting, reviewing and implementing strategic and operational objectives; Performance monitoring, including budget monitoring; achievement of strategic objectives and best value performance</b></p>

	<p><b>indicators;</b></p> <p>SMT members are collectively and individually responsible for delivering the Corporate Plan and the Authority's objectives.</p> <p>Performance of SMT members is regularly appraised either by the Chief Fire Officer/Chief Executive (CFO/CE) or by the Chairman, supported by Lead Members where appropriate.</p> <p>The Authority's Pay Policy, Part 2 Section 24, allows for Authority consideration of one-off bonus payments linked to evidenced and scrutinised delivery of performance management objectives.</p> <p>Whilst SMT members have been invited to contribute with evidence to demonstrate performance improvements, officers have not been - and will not be - party to any decision-making in relation to their own remuneration.</p> <p>In determining any changes to local pay, the methodology requires members to consider various types of qualitative and quantitative data, including:</p> <ol style="list-style-type: none"><li>1. Information about the extent to which corporate objectives have been met;</li><li>2. CFO/CE appraisal data as provided by the Chairman;</li><li>3. SMT appraisal data as provided by the CFO/CE;</li><li>4. Progress on any specific projects that members identified as high priority;</li><li>5. Performance data provided by the CFO/CE relating to SMT;</li><li>6. Comparative performance data with other Fire and Rescue Services;</li><li>7. Salary benchmarking data in relation to senior manager teams, (Population Band 2), Combined South East Region Fire Services;</li><li>8. Financial data about budget provision for pay/reward costs arising from this review;</li><li>9. Data about national pay settlements awarded to Gold, Green and Grey Book employees.</li></ol> <p><b>Communication with stakeholders</b></p> <p>In order to ensure transparency, remuneration including bonus payments is published on the BMKFA website. This is in line with statutory requirements.</p> <p>The pay policy is updated and published on an annual basis.</p> <p>Members of SMT do not play a part in the pay review process, and are not present at the meeting where payments are discussed. Following the Executive</p>
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	<p>Committee meeting, the CFO reviews each SMT member’s performance and makes an informed decision as to whether to award a bonus. This is communicated in writing to the SMT member.</p> <p>The Executive Committee makes the decision as to whether the CFO should receive a bonus payment, based on performance during the previous year.</p> <p><b>The system of internal control</b></p> <p>Adherence to the pay policy principles and statement is controlled via strict establishment and pay change approval process controls.</p> <p><b>The medium term financial strategy</b></p> <p>Any bonuses agreed would be within existing budgets.</p>
<p><b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b></p>	<p><b>Background</b></p> <p>Buckinghamshire and Milton Keynes Fire Authority (BMKFA) requires a review of the current annual process undertaken regarding the methodology used to carry out the Senior Management Team (SMT) annual pay review, to make sure it is fit for purpose.</p> <p>The service also requires details about how the methodology has been reviewed and how the conclusions have been reached, together with recommendations for amendments. Any revisions will apply from 1 January 2019.</p> <p><a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/562972/Thomas_Review_-_for_publication_in_97-2003_format.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/562972/Thomas_Review_-_for_publication_in_97-2003_format.pdf</a></p> <p><a href="https://www.gov.uk/government/publications/local-government-transparency-code-2015">https://www.gov.uk/government/publications/local-government-transparency-code-2015</a></p> <p><a href="http://www.legislation.gov.uk/ukpga/2011/20/content/s/enacted">http://www.legislation.gov.uk/ukpga/2011/20/content/s/enacted</a></p> <p><a href="https://www.gov.uk/government/publications/independent-public-service-pensions-commission-final-report-by-lord-hutton">https://www.gov.uk/government/publications/independent-public-service-pensions-commission-final-report-by-lord-hutton</a></p> <p><a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/705060/National_Framework_-_final_for_web.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/705060/National_Framework_-_final_for_web.pdf</a></p>
<p><b>APPENDICES</b></p>	<p><b>Annex A</b> - A review of the methodology used to carry out the Senior Management Team annual pay review</p> <p><b>Appendix A</b> Annual rates of pay for chief fire officers from 1 January 2018, Bands 1 – 4.</p> <p><b>Appendix B</b> Comparison of population sizes, posts</p>

A Review of the Methodology used to carry out the Senior Management Team Annual Pay Review

	<p>and salaries at senior management team level. Combined fire authorities South East region and Combined fire authorities – similar population size to BMKFA.</p> <p><b>Appendix C</b> Criteria used by managers when applying for merit/bonus awards for staff March 2018.</p>
<b>TIME REQUIRED</b>	15 minutes
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